

## FRENCH INDO-CHINA

wealth, still obeyed the law of silver, because China was Indo-China's best client. In short, Indo-China was selling in silver what she produced in gold.

The depression focussed attention upon this essential weakness.

The very voices which had so heartily approved of stabilization in 1929 were the first to denounce it as the evil genius of the colony's decline.

This agitation proved to be more noisy than widespread. Successive governors have studied the problem, but have felt that any such radical change would be more harmful to the country, as a whole, than justifiably beneficial to the aggressively indebted few.

An indirect solution to the problem was found by the involuntary devaluation of the piastre which followed the adjustment of the franc in October 1936. This has caused an increase in the general price levels, notably in the cost of French merchandise. The future is quite unpredictable in view of the new French stock laws which have been taken over in modified form by Indo-China, for they will mean an increased production cost. The government has taken steps to stop speculation in stocks, especially those involving native necessities.

### *Tim P^t-W^ Budget*

Since the War, Indo-China has lived off its own resources without recourse to any but Long's loan of 1921, and the more recent loan of 1931 aimed to offset the depression. Under Long's successor, the revenues of the general budget were melting away, and that fact more the Canton bomb led to Merlin's recall. No one could understand die curious contrast between the colony's undeniable prosperity and its budgetary misery. The decline was partly due to failing revenues, were partially established in francs\* a dwindling currency. More

were the growing subsidies to the local budgets,  
which  
fanned, in 1925, a fourth of the federal revenues.

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undeniable extravagance in the administration,  
Vareone's reforms, like Doumer\*s» lay in making a  
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